



# Money matters

July 2007

Sacramento Credit Union Pays  
**6.01% APY**  
On Free Rewards Checking!\*



## Check Out Free Rewards Checking! *A revolutionary new checking account exclusively for Sacramento Credit Union members.*

Sacramento Credit Union is introducing an extraordinary new checking account that rewards members who make the most of their credit union checking accounts. With Free Rewards Checking, you can:

- Earn 6.01% APY\* on your checking account balance.\*\* Compare that to the rate you can get at a local bank!
- Use non-network ATMs for free, any time, anywhere.\*\*\*

### HOW TO EARN REWARDS

To earn these rewards, each month you must:

- Have a direct deposit or ACH debit from your account.
- Perform at least 12 debit card (POS) transactions (this does not include ATM transactions).
- Have active e-Statement enrollment.

Each month, if you meet the requirements, interest based on your account balance will be credited to your account. In addition, any foreign ATM fees will be paid on your behalf. If you don't meet the requirements, you still earn interest at 0.10% APY and you can try again the next month for the higher interest.

Best of all, like all of Sacramento Credit Union's **new** checking accounts, Free Rewards Checking is free! There are no monthly fees and no minimum balance requirements.

\* APY = annual percentage yield. All criteria for the month must be met in order for 6.01% APY to be credited to the account and ATM fees paid. Interest rate is subject to change. Members purchase checks.

\*\* Up to \$25,000. Balances over \$25,000 will earn a reduced rate of interest.

\*\*\* Up to a maximum of \$5 per transaction and a total of \$25 per statement cycle.

## Are You Making the Most of Your Checking Account?

At Sacramento Credit Union, we offer a variety of checking accounts that can help meet your financial needs while also offering you added benefits. And now, all of our **new** checking accounts are FREE, with no minimum balance requirement, unlimited check writing, no per-check charges and no monthly charges. We offer a variety of convenient options, so you can choose the checking account that best meets your needs.

Plus, all of our checking accounts feature:

- Free SCU and CO-OP ATM transactions
- Free VISA® Check Card – you can use it to access your accounts at ATMs worldwide and make purchases wherever VISA check/debit cards are accepted.
- Convenient access to your accounts by phone through EZ Access at (916) 441-2255 or on the Web through Online Access at [www.sactocu.org](http://www.sactocu.org), 24 hours a day, seven days a week.



- Handy e-Statements – more secure and timely than paper statements, and you'll lessen the clutter in your mailbox!
- Convenient e-Alerts – receive e-mail notification on important banking transactions and also personal reminders!

So make sure you're getting the most of your Sacramento Credit Union checking account. To learn more, visit [www.sactocu.org](http://www.sactocu.org), call (916) 444-6070 or stop by your nearest branch.

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July 24, 2007



## Don't Delay – Start with Estate-Planning Basics Today

Less than half of Americans have a will, according to a survey by *lawyers.com*. Although creating a will is easy to put off because it requires thinking about an unpleasant subject, taking action now could spare your loved ones from unnecessary confusion, heartache and expense later on.

### MAKE YOUR WISHES KNOWN

Perhaps you think that you don't own enough property to warrant writing a will. But that's simply not true; everyone needs an estate plan. If you die intestate – without a will – the laws of your state will determine how your property is distributed and who becomes responsible for your children.

Creating a will can be quick and easy if your estate and family circumstances are uncomplicated. Just be sure it addresses some specific issues:

- Name a personal representative or executor for your estate. This is the person who will administer your estate. That involves protecting your property until all debts and taxes have been paid, and transferring what's left to those who are entitled to it, according to your wishes. The executor may have to handle real estate, investing, accounting and legal issues.
- Name a guardian if you have minor children.
- Spell out how you want your property distributed as specifically as possible. When squabbles arise among heirs, it's often because the deceased's wishes were not made clear.

### MAKE YOUR WISHES KNOWN, PART TWO

Estate planning isn't just for your heirs and assets. Some documents can assure that your wishes are followed while you're still alive, but unable to express your desires. A durable power of attorney allows you to delegate legal authority over your affairs to another person. The person you name can act in your place if you are not physically or mentally able to make decisions.

A health care proxy, also known as health care agent or medical power of attorney, enables you to authorize someone you trust to make medical decisions on your behalf if you're not able to. This can also spare your loved ones much pain under difficult circumstances. However, it is vital that you discuss with the person(s) you name what your desires are for different kinds of treatments and life-saving or life-prolonging measures. Would you want certain types of care under some circumstances but not others?

A living will, also called a health care declaration or directive, allows you to specify in writing the kinds of health care you want under certain conditions if you are unconscious, incapacitated or otherwise unable to communicate.

### WE'RE HERE TO HELP

Once you begin working on an estate plan, you may discover that the simplest tools don't allow you to achieve all of your objectives, especially if you have significant assets or a complex family structure. Trust accounts may help you achieve your estate planning goals. For more information about Sacramento Credit Union trust/beneficiary accounts, call one of our friendly member service representatives at **(916) 444-6070** or toll-free **1-888-SACTO-01** (1-888-722-8601), or visit an SCU branch office near you.

# All About Style: Growth, Value and Blend

There's nothing trendy about choosing investments for your taxable accounts or retirement savings, but it can pay to know the "in" styles. Investments labeled as value and growth tend to take turns outperforming each other, and the blended style is exactly that – a blend of growth and value.

It's nearly impossible to predict which style will deliver better market returns (actually, you may have better luck forecasting next season's fashions). In general, growth stocks have dominated the Wall Street runway during market booms and value stocks have frequently turned heads with positive returns during market declines. Past performance, however, is not an indication of future results.

## **GROWTH STYLE: HIGH EXPECTATIONS**

A growth stock fund typically invests in well-established companies with above-average prospects for long-term growth. These companies usually have track records for fast-growing sales and profits measured by earnings growth rates, return on equity, book value and cash flow. The stocks may be expensive due to high price-to-earnings ratios, but the growth investor believes the price will continue to rise. Earnings are usually reinvested into the company for research and development rather than paid out as dividends.

Growth stocks earned an average 8.0% over the past 10 years as measured by the Russell 3000® All Cap Growth Index, experiencing extreme ups and downs along the way. Performance in recent years bottomed out at -28% in 2002, followed by an upswing to 31% in 2003 and a healthy 9.5% in 2006. Growth-style investing tends to be more aggressive than value-style investing, so stock prices have potential for large gains and losses.



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## **VALUE STYLE: A CINDERELLA STORY**

Value stock funds, on the other hand, typically invest in companies believed to be undervalued – companies that have been overlooked by the market, those experiencing temporary setbacks or showing potential for turnaround in an industry that's currently unpopular. Value investments are purchased at bargain prices in relation to their earnings, dividends, cash flow or book value, with the expectation that the value will go up.

Value stocks are no stranger to volatility, with average returns of 6.9% in 2005 followed by 22.3% in 2006 as measured by the Russell 3000® All Cap Value Index. Over the past 10 years, value stocks have returned an average 12.1%. Because value stocks are already "cheap," they may be less vulnerable to market downturns than full-price stocks. Value stocks often pay dividends, which also helps cushion falling prices.

## **BLEND STYLE: ACHIEVING BALANCE**

Because growth and value investments don't always share the same ups and downs of the market, it can make sense to invest in a balance of the two and/or consider blended investments. Keep in mind that blended funds may lean more heavily toward growth or value, so be sure to research your options before choosing investments.

Also avoid getting swept up in the current popularity of one investment style or the other. Instead, make investment selections based on your unique goals, timeline and risk tolerance. To learn more about investing styles and how they may complement your portfolio, call SCU Investment Services at **(916) 444-8599, ext. 3112.**

Investment products are offered by third-party providers and are not insured by NCUA or any federal government agency. These products are not a deposit or guaranteed by Sacramento Credit Union and may lose value.

## **Free SCU Investment Services Retirement Seminar – July 24, 2007**

*Come enjoy a free dinner and learn more about retirement planning. Space is limited, so call today. To learn more or RSVP, call (916) 444-8599, ext. 3112.*

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Mon. - Thurs. • 9 a.m. to 5 p.m.  
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Phone: (916) 444-6070  
 Toll Free: 1 (888) SACTO-01  
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**Elk Grove**

9160 E. Stockton Blvd., Ste. 120

**Fair Oaks**

8100 Madison Avenue

**Sacramento**

3660 Bradshaw Road  
 800 H Street  
 3045 Arden Way, Ste. 200  
 6121 Franklin Blvd.  
 Kaiser Hospital\*  
 6600 Bruceville Road  
 \* Limited hours of operation.

[www.sactocu.org](http://www.sactocu.org)

**Home Loans**

[www.SCUhome.com](http://www.SCUhome.com)  
 (916) 441-LOAN

**SCU Investment Services**

(916) 444-8599, ext. 3112

**Personal Auto Shopper  
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(916) 449-2763



## Retiring Early? Plan for Health Insurance Coverage

Most American workers are covered by health insurance offered through their employers, so retirement often disrupts coverage.

- Some employers offer retiree health benefits, but the number that do and the amount of benefits offered are both declining. In 1988, 66% of employers offered health insurance to retirees. By 2006, only about 35% did.\*
- Private health insurance is generally quite expensive, and may not be available to those with health problems.
- Medicare coverage is not available until you reach age 65, unless you are disabled. It pays to explore your health coverage options fully before exiting the workaday



world. Perhaps your best bet, if you plan to retire early, is to tuck away enough in your nest egg to pay for private health insurance and apply for it while you're in good health. A financial advisor can help you determine how much money you might need.

\*Based on private firms with more than 200 employees. Source: Center for Retirement Research at Boston College, [www.bc.edu/centers/crr](http://www.bc.edu/centers/crr), "What Happens to Health Benefits after Retirement?" February 2007.

## 2007 PMI Tax Deduction Qualifications

If you're planning to buy a home this year, Uncle Sam will soften the blow of private mortgage insurance – and potentially, save you money on your 2007 tax return. As of Jan. 1, 2007, private mortgage insurance (PMI) is tax-deductible. Look below for certain restrictions:

- Tax deduction applies only to mortgages closed in 2007. Unless you refinance in 2007, you cannot deduct mortgage insurance on a loan from previous years. Congress will have to pass additional legislation for it to apply for the 2008 tax year and beyond.
- Your adjusted gross income (AGI) must be \$100,000 or less to qualify for the full deduction. The amount that can be deducted decreases if your income is above \$100,000, and no deduction is available if your AGI is more than \$110,000.
- For most income brackets and mortgage amounts, this will only benefit homeowners who itemize deductions. See your tax advisor for more information.

To see how affordable a mortgage can be, talk to one of our mortgage loan representatives at **(916) 444-6070** today.

### Invest in Sacramento

## Sacramento Credit Union Supports The Leukemia & Lymphoma Society

Sacramento Credit Union is proud to support The Leukemia & Lymphoma Society's Greater Sacramento Chapter with a donation to its 2007 Man, Woman, Celebrity & Teen campaign. Each year during an eight-week campaign, candidates compete for the titles and are judged on their success in raising

funds for the Society. All proceeds from the campaign benefit The Leukemia & Lymphoma Society's programs of research, public and professional education, community service and patient financial assistance.

Together we can help support the search for a cure.